

AGENCY FOR INTERNATIONAL DEVELOPMENT

## PROGRAM ASSISTANCE

## APPROVAL DOCUMENT

(PAAD)

3. To

AA/AFR

7. From

JOSEPH B. GOODWIN, MISSION DIRECTOR

9. Approval Requested for Commitment of  
\$8 Million

11. Type Funding

☐ Loan ☒ Grant ☐ Informal ☒ Formal ☐ None

13. Commodities Financed

16. Permitted Source

U.S. only \$8.0 Million

Limited F.W.

Free World

Cash

1. PAAD Number

641-0119, 641-T-602 C

2. Country

Ghana

3. Category

4. Date

6. OYB Change Number

N/A

8. OYB Increase

DFA FY 1993 OYB

To be taken from:

10. Appropriation Budget Plan Code

72-113/41014 GSS3-93-31641-BG39 RCN: D320051

13. Estimated Delivery Period

14. Transaction Eligibility Date

18. Summary Description

17. Estimated Source

U.S. \$8.0 million

Industrialized Countries

Local

Other

PREP is a \$35.0 million program designed to strengthen the policy and institutional framework required to assure a quality, effective, equitable and financially sustainable primary education system in Ghana by the year 2000. PREP addresses key economic, financial, institutional and social constraints to improving Ghana's primary education system in three principal ways. First, it supports policy and institutional reform through conditionality on disbursement of \$32.0 million in sector cash grant funds. Second, it programs the local currency (LC) generated through auction of dollars to support urgent short-term sectoral needs. These include teaching materials, training of educators, institutional planning, management and supervision functions, sector reform implementation, studies and technical assistance, and an equity improvement program. Third, PREP provides limited projectized funding \$3.0 million for technical assistance, training, studies, evaluations, financial assessments and financial management reviews. PREP's \$32.0 million sector cash grant will also support Ghana's Economic Recovery Program (PREP) by increasing the amount of foreign exchange made available in Ghana through auction.

With the incremental obligation of these funds the total amount obligated under the Program is \$27,361,000 out of a total life of Program of \$32,000,000.

19. Clearances

HRDO:HKhan

Date

7/22/93

A/PRM:DRollins

A/CONT: HGoodwin

20. Action

☒ APPROVED☐ DISAPPROVED

Authorized Signature

Joseph B. Goodwin

Date

7/23/93

Title

Mission Director

Conditions Precedent to disbursement:

1. Conditions precedent to First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D..

- (a) An opinion of counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms,
- (b) A statement of the names and titles of the persons who will act as representatives of the Grantee under the Agreement, together with a specimen signature of each person named in such statement,
- (c) A statement designating the bank and the number of the account (Separate Dollar Account) into which the disbursement is to be made,
- (d) A statement confirming that the Special Account required by Section 5.1 has been opened in the name of the Government of the Republic of Ghana and specifying the bank and the number of the account,
- (e) A plan to restructure the role of the Project Management Unit of the Ministry of Education to include coordination of the implementation of the Program on behalf of the Grantee, and
- (f) A Ministry of Education plan for the disaggregation of data on budgets and expenditures for primary education over the life of the Program.

2. Conditions Precedent to Second Disbursement. Prior to the disbursement of funds under the Grant in excess of the cumulative amount of \$4,000,000, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

- (a) A statement of the amounts budgeted and expended for primary education by the Grantee in 1990,
- (b) Evidence that the amount budgeted by the Grantee for primary education in 1991, as a percentage of the recurrent budget of the Ministry of Education for that year, is not less than the percentage budgeted for primary education in 1989,
- (c) Evidence that the Grantee has put into operation a program, approved by A.I.D., to train personnel involved in primary education, and

(d) Evidence that the Grantee, through the Ministry of Education, has started a pilot program, as approved by A.I.D., to improve equity in the Grantee's primary education system.

3. Conditions Precedent to Third Disbursement. Prior to the disbursement of funds under the Grant in excess of the cumulative amount of \$11,000,000, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

(a) A statement of the amounts budgeted and expended for primary education by the Grantee in 1991,

(b) Evidence that Grantee expenditures for primary education in 1991 were consistent with the 1991 budget for primary education,

(c) Evidence that the amount budgeted by the Grantee for primary education in 1992, as a percentage of the recurrent budget of the Ministry of Education for that year, is not less than the percentage budgeted for primary education in 1989,

(d) A policy and plan to increase to six percent the amount of the recurrent primary education budget of the Ministry of Education (excluding funding made available by donors) which is spent on teaching materials,

(e) Evidence that the Grantee has approved a decentralization policy for the Ministry of Education,

(f) An implementation plan for decentralization of the Ministry of Education, and

(g) Evidence that the Grantee has developed and approved Criterion-Referenced Tests, and that Pilot Testing has been initiated.

4. Conditions Precedent to Fourth Disbursement. Prior to the disbursement of funds under the Grant in excess of the cumulative amount of \$19,000,000, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

(a) A statement of the amounts budgeted and expended for primary education by the Grantee in 1992,

(b) Evidence that Grantee expenditures for primary education in 1992 were consistent with the 1992 budget for primary education,

(c) Evidence that the amount budgeted by the Grantee for primary education in 1993, as a percentage of the recurrent budget of the Ministry of Education for that year, is not less than the percentage budgeted for primary education in 1989,

(d) Evidence that Grantee expenditures in 1992 for primary education teaching materials was at least five per cent of the total primary education budget for recurrent expenses of the Ministry of Education (excluding funding provided by donors),

(e) Evidence that the Grantee is implementing the decentralization plan for the Ministry of Education, and

(f) Evidence that the Grantee is implementing a policy to improve equity in the primary education system.

5. Conditions Precedent to Fifth Disbursement. Prior to the disbursement of funds under the Grant in excess of the cumulative amount of \$27,000,000, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to a.i.d.:

(a) A statement of the amounts budgeted and expended for primary education by the Grantee in 1993,

(b) Evidence that Grantee expenditures for primary education in 1993 were consistent with the 1993 budget for primary education,

(c) Evidence that the amount budgeted by the Grantee for primary education in 1994, as a percentage of the recurrent budget of the Ministry of Education for that year, is not less than the percentage budgeted for primary education in 1989,

(d) Evidence that Grantee expenditures in 1993 for teaching materials was at least six per cent of the total budget for recurrent expenses of the Ministry of Education (excluding funding provided by donors),

(e) Evidence that at least ninety percent of primary school teachers have been trained to minimum teaching standards, and

(f) Evidence that the Grantee has administered criterion-referenced tests to at least eighty percent of grade 6 students and that the results have been published.

### The separate dollar account

Utilization. Funds disbursed under the Grant shall be deposited in a separate dollar account in a United States Bank, which account shall be established solely for such funds. Such funds shall not be commingled with funds from any other source. Except as A.I.D. may otherwise determine in writing, such funds will be auctioned through the foreign exchange auction administered by the Bank of Ghana.

### The Special Account (Local Currency)

1. Establishment of a Special Account. Grantee shall establish a Special Account in a bank mutually acceptable to the Grantee and A.I.D. and shall deposit therein currency of the Grantee in amounts equal to disbursements made under the Grant. Funds in the Special account may be used for such purposes as are mutually agreed upon by A.I.D. and the Grantee.
2. Rate of Exchange: Except as the Parties may otherwise agree in writing, for purposes of determining the amount of local currency which is equivalent to a disbursement under the Grant, Grantee shall use the official rate of exchange established through the Bank of Ghana's foreign exchange auction on the date the funds are sold through the auction.
3. The Grantee shall deposit funds from the sale of textbooks in a revolving account to be used for the purchase of additional school books and materials for basic education.